

Message Text

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PAGE 01 STATE 027989
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 STR-07 COME-00 CA-01 /075 R

DRAFTED BY EB/ITP/EWT:DFRIED/HLCLARKE:DLM
APPROVED BY EB/ITP/EWT:WAROOT
L/EUR:JCROOK
EUR/EE:CSCHMIDT
COMMERCE-MLEVINE (SUBS)
STR - ELAPP (SUBS)
TREASURY - BPALMER (SUBS)
H - PSTAHNKE
EUR - WLEURS
C - IWOLF (SUBS)

-----009986 021839Z /41

P 021721Z PEB 78
FM SECSTATE WASHDC
TO AMEMBASSY BUDAPEST PRIORITY

LIMITED OFFICIAL USE STATE 027989

E.O. 11652: N/A

TAGS: EEWT, HU

SUBJECT: HUNGARIAN TRADE AGREEMENT PRESS GUIDANCE

REF: BUDAPEST 468, STATE 25884

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1. YOU MAY INFORM GOH THAT WE CONTINUE TO PREFER NOT TO
DISCUSS WITH THE PRESS ANY DETAILS CONCERNING THE TIMING OR
CONTENTS OF OUR BILATERAL NEGOTIATIONS, WHETHER ON EMIGRA-
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PAGE 02 STATE 027989

TION OR THE TRADE AGREEMENT. IN PARTICULAR, WE DO NOT
INTEND TO INFORM THE PRESS REGARDING ASSURANCES UNTIL OUR
HANDLING OF THE ASSURANCES QUESTION WITH CONGRESS HAS BEEN
FULLY WORKED OUT. THE TRADE AGREEMENT WOULD BE MADE AVAIL-
ABLE TO THE PRESS AND PUBLIC ONLY AFTER IT IS SIGNED.
WHILE WE WILL SEEK TO PROTECT CONFIDENTIALITY OF NEGOTIA-

TIONS TO GREATEST EXTENT POSSIBLE, DEPARTMENT MAY HAVE TO RESPOND TO SPECIFIC QUESTIONS ABOUT U.S. LAW. WE HAVE NO OBJECTION TO A HUNGARIAN ANNOUNCEMENT (REF. BUDAPEST 468) ON THE COMMENCEMENT OF NEGOTIATIONS, ALTHOUGH WE DO NOT INTEND TO MAKE SUCH AN ANNOUNCEMENT HERE.

2. (FYI:) DEPARTMENT IS NOW CONTACTING SENATORS RIBICOFF, BIDEN, AND STEVENSON; CONGRESSMEN VANIK, FRENZEL, BINGHAM,

HAMILTON; AND SENATOR JACKSON STAFFER PERLE. OTHER MEMBERS OF CONGRESS MAY BE CONTACTED SHORTLY. WE WILL INFORM THE THAT GOH HAS AGREED TO GIVE US EMIGRATION ASSURANCES, BUT THAT THE EXACT MANNER IN WHICH THE SPECIFIC ASSURANCES WILL BE GIVEN TO US HAS NOT YET BEEN DETERMINED. WE SHALL ALSO STATE THAT NEGOTIATIONS OF A TRADE AGREEMENT WILL BEGIN IN BUDAPEST NEXT WEEK.

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BEGIN UNCLASSIFIED:

Q. WILL THE U.S. GRANT MFN TARIFF TREATMENT TO HUNGARY?

A. THE U.S. AND HUNGARIAN GOVERNMENTS HAVE BEEN HOLDING PRELIMINARY CONSULTATIONS ON THIS SUBJECT.

Q. HOW WOULD MFN BE EXTENDED?

A. UNDER SECTION 405 OF THE TRADE ACT, THE U.S. MAY LIMITED OFFICIAL USE

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PAGE 03 STATE 027989

PROVIDE NON-DISCRIMINATORY TARIFF TREATMENT TO NON-MARKET COUNTRIES ONLY FOLLOWING CONCLUSION OF A BILATERAL TRADE AGREEMENT, WHICH MUST BE APPROVED BY CONGRESS.

IN ADDITION, THE REQUIREMENTS OF SECTION 402 OF THE ACT (THE JACKSON-VANIK AMENDMENT) MUST BE MET.

Q. HAVE NEGOTIATIONS OF SUCH AN AGREEMENT BEGUN?

A. (PRIOR TO THE COMMENCEMENT OF NEGOTIATIONS FEBRUARY 7

PRELIMINARY CONSULTATIONS RELATING TO A TRADE AGREEMENT ARE BEING HELD BETWEEN OUR TWO GOVERNMENTS.

A. (FOLLOWING THE COMMENCEMENT OF NEGOTIATIONS)

YES, ALTHOUGH WE CANNOT DISCUSS THE DETAILS OF THESE NEGOTIATIONS WHILE THEY ARE IN PROGRESS.

Q. WHO IS LEADING THE U.S. SIDE?

A. THE U.S. AMBASSADOR TO HUNGARY, PHILIP KAISER. HE IS BEING ASSISTED BY DEPUTY ASSISTANT SECRETARY BARRACLOUGH AND OTHER TRADE SPECIALISTS FROM WASHINGTON.

Q. ARE EMIGRATION ASSURANCES NECESSARY IN ORDER TO EXTEND MFN?

A. YES.

Q. WHAT ASSURANCES ON EMIGRATION ARE NECESSARY?

A. SECTION 402 OF THE TRADE ACT REQUIRES THAT ;HE PRESIDENT REPORT TO CONGRESS THAT HE HAS RECEIVED CERTAIN ASSURANCES REGARDING EMIGRATION.

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PAGE 04 STATE 027989

Q. HAS HUNGARY GIVEN ASSURANCES ON ITS EMIGRATION PRACTICES?

A. CONSULTATIONS ON THIS QUESTION ARE CONTINUING. WE CANNOT GO INTO ANY DETAILS AT THIS TIME.

Q. WHAT IS THE LINKAGE BETWEEN RETURN OF THE CROWN AND MFN?

A. THESE TWO ISSUES ARE IN NO WAY LINKED. THE RETURN OF THE CROWN WAS NOT CONNECTED TO ANY OTHER ISSUE. WE BELIEVE THAT RETURN OF THE CROWN ACTIVELY PROMOTES BETTER US-HUNGARIAN RELATIONS TO THE BENEFIT OF BOTH PEOPLES.

THE ADMINISTRATION OFTEN STATED OVER THE PAST SEVERAL MONTHS ITS WILLINGNESS TO CONSIDER NEGOTIATING A TRADE AGREEMENT PROVIDING FOR RECIPROCAL MOST-FAVORED-NATION TARIFF TREATMENT IF HUNGARY COULD MEET THE REQUIREMENTS OF U.S. LEGISLATION.

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*** Current Classification *** LIMITED OFFICIAL USE

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